



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

**MAY 14 2015**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 0559-001-0001, Support, Labor and Workforce  
Development Agency**

**Temporary Worker Pilot Program**—It is requested that Item 0559-001-0001 be increased by \$148,000 General Fund and 1 position for the Labor and Workforce Development Agency to develop and implement a two-year voluntary pilot program to help prevent abuses in the recruitment of Mexican H-2A temporary workers. In July 2014, Governor Brown signed a letter of intent to cooperate with Mexico's Secretary of Labor and Social Welfare to protect the rights of Mexican migrant workers in California. The two-year pilot program will improve transparency and accountability in the recruitment of these workers to reduce exploitation and prevent labor violations among this vulnerable workforce.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mark Tollefson, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: On following page

Honorable Ricardo Lara, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee  
Attention: Mr. Pedro R. Reyes, Chief Consultant  
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5  
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. David Lanier, Secretary, Labor and Workforce Development Agency  
Mr. Jay Sturges, Assistant Secretary for Fiscal Policy, Labor and Workforce Development Agency



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Assembly Budget Committee

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**Amendment to and Elimination of Various Budget Bill Items, Support and Local Assistance, Employment Development Department**

**Unemployment Insurance (UI) Program Administration Adjustment**—It is requested that the UI program be decreased by \$8,034,000 and 48.1 positions to reflect federal funding reductions and natural workload reductions due to an improving economy. Additionally, this request includes a fund shift from the General Fund to two special funds (Benefit Audit Fund and Contingent Fund) as a result of additional revenue from participation in the federal government's Treasury Offset Program. This will provide the Employment Development Department (EDD) the resources required to maintain the current unemployment benefit service levels.

This request includes changes to the following items as follows:

- Decrease Item 7100-001-0001 by \$19,208,000
- Increase Item 7100-001-0184 by \$27,834,000
- Increase Item 7100-001-0185 by \$14 million
- Decrease Item 7100-001-0870 by \$8,934,000
- Decrease Item 7100-011-0890 by \$8,934,000 (non-add item)

Additionally, the UI program carryover from fiscal year 2014-15 is decreased by \$21,726,000 General Fund.

It is also requested that Item 7100-490 be eliminated to reflect the shift from the General Fund to two special fund items, as follows:

~~Item 7100-490—Reappropriation, Employment Development Department. The balances of the appropriations provided in the following citations are reappropriated for the purpose of supporting the administration of the Unemployment Insurance Program and shall be available for encumbrance or expenditure until June 30, 2016 upon approval of the Department of Finance:~~

~~0001—General Fund~~

~~(1) Item 7100-001-0001, Budget Act of 2014 (Ch. 25, Stats, 2014)~~

**Unemployment Insurance Loan Interest Rate Reduction**—It is requested that Item 7100-002-0001 be decreased by \$9,868,000 million to reflect a reduction in interest due to the federal government for borrowing that has occurred to provide unemployment benefits without interruption.

**Unemployment Insurance Benefit Adjustments**—It is requested that Items 7100-101-0871 and 7100-111-0890 both be decreased by \$172,755,000 million to reflect a projected decrease in UI benefit payments due to historical trends and benefit payment projections.

Additionally, the UI benefit authority in 2014-15 is being decreased by \$536,654,000 due to an overall improvement in the economy and fewer weeks paid per claim.

**Disability Insurance Benefit Adjustments**—It is requested that Item 7100-101-0588 be decreased by \$115,536,000 to reflect a projected decrease in Disability Insurance (DI) benefit payments due to lower anticipated average weekly benefit payments.

Additionally, the DI benefit authority in 2014-15 is increased by \$9,741,000 based on longer current year benefit durations.

**School Employees Fund Adjustments**—It is requested that Item 7100-101-0908 be decreased by \$10 million to reflect a projected decrease in benefit payments from the School Employees Fund due to improvements in the economy.

Additionally, the benefit authority in 2014-15 is decreased by \$17,151,000 along with technical adjustments to align budget authority for these operations.

**Workforce Innovation Opportunity Act (Act) Discretionary Fund Adjustments**—It is requested that Items 7100-001-0869 and 7100-021-0890 be increased by \$17,777,000 to reflect an increase in discretionary funds from 8.75 percent to 10 percent of the federal allotment. This includes funding the continuation of key workforce initiatives such as the Slingshot Program, the Regional Workforce Accelerator Grant Program, and the Governor's Award for Veteran's Grants Program, as well as administrative resources to implement the new requirements of the Act.

Additionally, it is requested that Items 7100-101-0869 and 7100-101-0890 be decreased by \$29,463,000 to align budget authority with current federal allotments for local area activities.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mark Tollefson, Principal Program Budget Analyst, at (916) 322-2263.

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Mr. David Lanier, Secretary, Labor and Workforce Development Agency  
Mr. Jay Sturges, Assistant Secretary for Fiscal Policy, Labor and Workforce Development Agency  
Mr. Greg Williams, Deputy Director, Administration Branch, Employment Development Department  
Mr. Tad Allred, Chief, Fiscal Programs Division, Administration Branch, Employment Development Department